STATE OF SO	UTH CAROLIN	NA )	BEFORE THE		
(Caption of Case)			) PUBLIC SERVICE COMMISSION ) OF SOUTH CAROLINA		
for Authority		Gas Company, Inc.  Lump Sum Settlement  red Account  )	COVER SHEET  DOCKET  NUMBER: 2007 G		
(Please type or print	)				
Submitted by:	Scott Tyler		SC Bar Number: 12037		
Address:	Moore & Van	Allen	<b>Telephone:</b> <u>704-331-</u>	2463	
		Street, Suite 4700	Fax: <u>704-378-</u>	1963	
	Charlotte, NC	28202-4003	Other:		
	1.0	11	Email: scotttyler@mvalaw.cs nor supplements the filing and ser		
_	telief demanded in	n petition Request fo	RMATION (Check all that a ritem to be placed on Commiser 31, 2007 and thereafter.		
INDUSTRY (Check one)		NAT	NATURE OF ACTION (Check all that apply)		
☐ Electric		Affidavit	Letter	Request	
☐ Electric/Gas		Agreement	Memorandum	Request for Certification	
☐ Electric/Telecommunications		Answer	Motion	Request for Investigation	
Electric/Water		Appellate Review	Objection	Resale Agreement	
☐ Electric/Water/Telecom.		Application	Petition	Resale Amendment	
☐ Electric/Water/Sewer		Brief	Petition for Reconsideration	on Reservation Letter	
⊠ Gas		Certificate	Petition for Rulemaking	Response	
Railroad		Comments	Petition for Rule to Show Ca	use Response to Discovery	
Sewer		Complaint	Petition to Intervene	Return to Petition	
Telecommunica	ations	Consent Order	Petition to Intervene Out of T	Time Stipulation	
☐ Transportation		Discovery	Prefiled Testimony	Subpoena	
Water		Exhibit	Promotion	☐ Tariff	
☐ Water/Sewer		Expedited Consideration	n Proposed Order	Other:	
Administrative	Matter	Interconnection Agreemen	et Protest		
Other:		Interconnection Amendme	ent Publisher's Affidavit		
		☐ Late-Filed Exhibit	☐ Report		

## Moore & Van Allen

Scott M. Tyler Attorney at Law

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Moore & Van Allen PLLC

Suite 4700 100 North Tryon Street Charlotte, NC 28202-4003

Also Admitted in SC

August 29, 2007

### **VIA ELECTRONIC FILING AND UPS OVERNIGHT**

Mr. Charles Terreni Chief Clerk Administrator Public Service Commission of South Carolina 101 Executive Center Drive Columbia, South Carolina 29210

Re: Docket No. To Be Assigned: Petition of Piedmont Natural Gas Company, Inc. for Authority to Place Certain Lump Sum Settlement Charge Obligations in a Deferred Account

Dear Mr. Terreni:

I have enclosed an original and one copy of the *Petition of Piedmont Natural Gas Company, Inc. for Authority to Place Certain Lump Sum Settlement Charge Obligations in a Deferred Account.* The attached Petition is an exact duplicate, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

Thank you for your assistance with this matter. If you have any questions about this filing you may reach me at the number shown above.

Sincerely,

s/ Scott M. Tyler Scott M. Tyler

**Enclosures** 

c: Office of Regulatory Staff (5 Copies Via UPS Overnight)
James H. Jeffries IV

# BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET	NO. 2007	G
In the Matter of:	)	
Petition of Piedmont Natural Gas Company, Inc. for Authority to Place Certain Potential Lump Sum Settlement Charge Obligations in a Deferred Account	) ) )	PETITION

Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company"), through counsel and pursuant to the Commission's authority over public utilities arising under South Carolina Code Annotated §§ 58-3-140, respectfully requests Commission authorization to defer certain charges to its financial statements that may be required under SFAS No. 88, *Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination of Benefits* as a result of unusually large lump sum distributions from Piedmont's pension plans in fiscal year 2007. In support of this request, Piedmont respectfully shows unto the Commission as follows:

1. It is respectfully requested that any notices or other communications with respect to this Petition be sent to:

Jane Lewis-Raymond
Vice President & General Counsel
Piedmont Natural Gas Company, Inc.
Post Office Box 33068
Charlotte, NC 28233
Telephone: 704-731-4261

And

Scott M. Tyler
James H. Jeffries IV
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

- 2. Piedmont is incorporated under the laws of the state of North Carolina and is duly authorized by its Articles of Incorporation to engage in the business of transporting, distributing and selling natural gas. It is duly domesticated and is engaged in conducting such business in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the iurisdiction of this Commission.
- 3. Piedmont requests authorization to place into a regulatory deferred account potential settlement charges which Piedmont may be required to recognize on its books under SFAS No. 88. These charges, to the extent they may be required by SFAS No. 88, will result from unusually large lump sum distributions from Piedmont's pension plans that are being requested by employees who are retiring or have been severed from service during 2006 and 2007. These charges may, but at this point in time are not certain, to accrue as a result of SFAS No. 88's requirement to recognize in earnings, the pro rata portion of the percentage reduction in the Company's long-term projected benefit obligations resulting from defined benefit distributions in excess of limits specified by SFAS No. 88.
- 4. These settlement charges will not change Piedmont's ultimate liability under its pension plans but will change the timing, for financial accounting purposes, of the recognition of those liabilities. If these charges are required by SFAS No. 88, they have the potential to have a material impact (potentially in excess of \$5 million pre-tax) on Piedmont's fiscal year earnings.
- 5. The expense for which deferral is sought in this petition and the amount of such expense are not fixed at this time and are dependent upon a number of variables, such as the total amount of lump sum settlement distributions made during Piedmont's current fiscal year, and the prevailing discount rate and asset value of Piedmont's post-retirement obligations at October 31, 2007.
- 6. The creation of the requested deferred account will not impact the total expense to be incurred by Piedmont with regard to its overall pension liabilities, nor will it prompt a

change in the methodology for the recovery of those costs. It will, however, provide a means to protect Piedmont from the negative material impact to its financial statements that could result from the difference in timing of recognizing these pension charges under the financial accounting standards specified by SFAS No. 88 on the one hand and this Commission's approved mechanisms for the recovery of these charges on the other.

- 7. The relief requested herein does not involve a change to Piedmont's rates, terms or conditions of service and is not in conflict with any Commission rule, regulation or policy.
- 8. Piedmont requests that it be authorized to segregate any cost impacts of compliance with SFAS No. 88 which it may be required to incur into a regulatory asset deferred account and that any issues related to proper amortization or actual recovery of such costs be postponed until a subsequent proceeding before the Commission in which such amortization or recovery is sought.
- 9. The relief requested herein will avoid material negative impacts to Piedmont's earnings resulting purely from SFAS recognition requirements that differ from the corresponding regulatory treatment currently authorized. Such relief will not impact ratepayers and will simply preserve the current approved regulatory treatment and cost-recovery regime for Piedmont's defined benefit plan expenses pending further consideration by the Commission in a subsequent proceeding.
- 10. Piedmont respectfully requests that the accounting order sought herein be made effective as of October 31, 2007 and thereafter.

WHEREFORE, for the reasons set forth above, Piedmont respectfully requests that the Commission issue an order for regulatory accounting purposes allowing Piedmont to place certain potential pension settlement charges in a regulatory deferred account, as described herein, effective October 31, 2007.

Respectfully submitted, this the 29th day of August, 2007.

## Piedmont Natural Gas Company, Inc.

s/ Scott M. Tyler	
Scott M. Tyler	

OF COUNSEL:

Moore & Van Allen PLLC 100 North Tryon Street, Suite 4700 Charlotte, NC 28202-4003 Telephone: 704-331-1079

## STATE OF NORTH CAROLINA

#### **COUNTY OF MECKLENBURG**

#### **VERIFICATION**

David R. Carpenter, being duly sworn, deposes and says that he is Managing Director, Regulatory Affairs of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge except as to those matters stated on information and belief and as to those he believes them to be true.

David R. Carpenter

Mecklenburg County, North Carolina Signed and sworn to before me this day by David R. Carpenter

(Official Seal)

My commission expires: February 26, 2011

